RAJYA SABHA

Thursday 29th August, 1996/7th Bhadra 1918 (Saka).

The House met at eleven of the clock. **Mr. Chairman** *in the Chair.*

ORAL ANSWERS TO QUESTIONS

Pending proposals for setting up of Private Sector Power Plants

*381. SHRI BHAGABAN MAJHI:†
SHRI RAHASBIHARI BARIK:

Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that some proposals to set up power plants by the private sector are pending with Government;

(b) if so, the number and locations thereof and since when these proposals have been pending with Government; and

(c) the details of the steps taken to clear these proposals?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (DR. S. VENUGOPALACHARI): (a) Yes Sir.

(b) Of the seven projects pending in Central Electricity Authority for accord of techno-economic clearance, four had been received in 1996 and one each in the preceding three years. Three proposals are for generation projects in Uttar Pradesh and one each in Andhra Pradesh, Himachal Pradesh, Gujarat and Maharashtra.

(c) The project-promoters have been requested to expedite furnishing of the requisite statutory and other related clearances/information to facilitate the accord of techno-information to facilitate the accord of techno-economic clearance by Central Electricity Authority.

SHRI TRILOKI NATH CHATURVEDI: **Mr. Chairman, Sir, this is the Prime Minister's day and he is not here.** *(Interruptions)*

SHRI GURUDAS DAS GUPTA: Sir, the Prime Minister should be here today. *(Interruptions)*

MR. CHAIRMAN: He has written to me saying that he would be out of Delhi today. Therefore, he has requested that he may be permitted to be absent.

SHRI TRILOKI NATH CHATURVEDI: So, he has requested you for Leave of Absence.

MR. CHAIRMAN: Yes. *(Interruptions)*

SHRI SATISH AGARWAL: Sir, they are giving full-page advertisements in the newspapers. It is an unnecessary expenditure of the Government — huge advertisements for no purpose. *(Interruptions)*

SHRI TRILOKI NATH CHATURVEDI: But, Sir, the trouble is that the Minister for Urban Development remains here when..... *(Interruptions)*

SHRI GURUDAS DAS GUPTA: Sir, the Prime Minister should be present on the day of his questions.

MR. CHAIRMAN: Yes, yes. As an exceptional case, he had to go and he has written to me. And I have permitted him.

SHRI TRILOKI NATH CHATURVEDI: That is true, Sir, but most of the things are exceptional these days.

MR. CHAIRMAN: Mr. Minister, have you answered the question?

DR. S. VENUGOPALACHARI: Yes, Sir.

MR. CHAIRMAN: First supplementary. *(Interruptions)*

PROF. VIJAY KUMAR MALHOTRA: But what is the urgency, Sir? *(Interruptions)* नेहरू जी ने कभी भी अपने सारे... (...व्यवधान...)

MR CHAIRMAN: I have accepted the **Prime Minister's** request.

†The Question was actually asked in the floor of the House by Shri Bhagwan Majhi.

PROF. VIJAY KUMAR MALHOTRA: Sir, you have accepted, but... *(Interruptions)*

MR. CHAIRMAN: Now, let us go ahead with this. This is not the first occasion when such things have happened.

श्री भगवान माझी: चेयरमैन सर, मेरे प्रश्न का उत्तर तो मंत्री जी ने दे दिया है लेकिन मैं आपके माध्यम से यह जानना चाहता हूं कि बढ़ते हुये बिजली संकट को दूर करने के लिए सरकार ने क्या कदम उठाये हैं? देश में जितने भी पावर प्रोजेक्ट्स पेंडिंग पड़े हैं, उन प्रोजेक्ट्स के लिए सेन्ट्रल इलेक्ट्रिसिटी अथॉरिटी की क्लीयरेंस और एनवायरनमैंट क्लीयरेंस पाने के लिए सरकार ने क्या कदम उठाये हैं? दूसरे मैं यह भी जानना चाहता हूं कि कितनी इण्डियन और फॉरेन कम्पनीज़ ने पावर प्लान्ट स्थापित करने के लिए सरकार के साथ सम्पर्क स्थापित किया है?

DR. S. VENUGOPALACHARI: Sir, for streamlining the guidelines, the Government has introduced a two-stage clearance — principle clearance followed by technology economic clearance. The principle clearance is normaly given within one month of the submission of complete information. The techno-economic clearance is accorded roughly within four to six months, provided the promoters make available all the necessary information alongwith the D.P.R. Earlier, the C.E.A. was insisting on nearly 17 clearances to be furnished by promoters. This number has now been reduced. It is only statutory clearance that is required — four clearances in the case of hydro and five clearances in the case of thermal power projects. The C.E.A. has also decided to point out deficiencies, if any, to the promoter after the receipt of the project. So far as the environmental clearance is concerned, recently under the able guidance of Shri Deve Gowdaji, we raised the limit of the C.E.A. clearance from Rs. 400 crores to Rs. 1,000 crores. Simultaneously, the Ministry of Power requested the Ministry of Environment to streamline things in their Department and I have heard that they have constituted a committee. They have asked for one member from the Department of Power to be there. We are also asking one member to streamline the guidelines pertaining to environment.

श्री भगवान माझी: चेयरमैन सर, उड़ीसा की वैली में अमरीका के ए०ई०एस० पावर कार्पोरेशन की सहायता से जो दो विद्युत परियोजनाएं कार्यान्वित करनी थीं, उनका फाइनल एग्रीमेंट इस महीने में करना चाहते हैं? यदि हां तो इस दिशा में क्या-क्या कार्यवाही की गई है? इसके साथ ही मैं यह भी जानना चाहता हूं कि देश में जितनी भी पावर कंपनीज, पावर प्रोजेक्ट्स स्थापित करने जा रहे हैं, हर एक पावर प्रोजेक्ट की एस्टीमेट कॉस्ट क्या है और इन्टरेस्ट कैपेसिटी क्या है?

DR. S. VENUGOPALACHARI: Sir, now that privatisation has been allowed in the power sector, so many companies have applied for licences. As on 31.10.95, 245 proposals were received from the private sector. Out of that, after elimination and cancellation, 206 projects were approved. Seventy companies, which have been awarded through the bidding route, are below Rs. 400 crores limit. MoUs and letters of intent have been given to 136 companies out of which 30 projects are below Rs. 100 crores limit and 106 projects are above Rs. 100 crores. Likewise, out of 194 projects, only three projects are by competitive bidding. We are making all efforts to speed up the clearances. We are requesting time and again for private promoters to enter this field. But it is after all, the State Electricity Boards and the State Governments which have to fix the P.P. pertaining to any company. As far as we are concerned, only seven projects are pending with the COS. Regarding Foreign and Indian companies, we are giving clearance, but the ultimate sanction has to be given by the State Governments.

SHRI RAHASBIHARI BARIK: Is the Government contemplating any counter-guarantee to power projects other than the seven fast-tract power projects? What are the steps taken by the Government as an alternative to the counter-guarantee?

DR. S. VENUGOPALACHARI: Sir, the Government of India had committed to give counter-guarantees only to eight fast-track projects out of which it has already withdrawn the counter-guarantee to Spectrum of Andhra Pradesh. We have clearly instructed that there would be no further counter-guarantees. In order to attract foreign investment in the private sector, the Government will consider various measures like (a) Direct supply of power by IPPs to high-tension consumers; (b) Opening of an 'Escrow Account' in which payments by identified consumers are credited and the payment liability to the IPP is the first charge on their account; (c) Linking power generation with distribution; (d) Escrow arrangement with Central devolution at the request of State Governments to the Reserve Bank of India; and (e) World Bank Guarantee. The issue is under examination. The Committee of Secretaries has already approved the proposal and we will soon implement them.

SHRI DIPANKAR MUKHERJEE: As far as power shortages are concerned, they are of two types. One is shortage of the average-load, that is, the energy shortage or the base-load, and the other is the peak shortage, that is, the peak-load. For these, I find that there are proposals from Andhra Pradesh, Himachal Pradesh, Gujarat and Maharashtra. Mr. Manmohan Singh is here. He is aware that on the request of the Department of Economic Affairs, when the World Bank examined the feasibility of Enron in Maharashtra in 1993, one of the reasons why they found it commercially unviable was the project was too large for the base-load operation. That is why they said that the project was commercially unviable. I would like to know from the Minister whether the projects which are coming up are for base-load requirements or they are for taking up the peak-load requirement or whether we are approving them because power is required and we can set up any type of power plants here. It was to be specially examined whether the power plants which are coming up are to cater to the base-load shortage or to the peak-load shortage.

DR. S. VENUGOPALACHARI: Both the aspects we have to see, the peak load shortages as well as the base strategies. As for the point raised by the hon. Member in respect of Enron, at the time of the Standing Committee meeting the Finance Ministry objected to certain issues. Further, the Power Ministry negated the issues and also we are imposing two types of strategy. One long-term strategy to have more generating companies both from the public and private parties and also to have better, improved transmission system to facilitate the movement of power in distant areas. And also to reduce transmission and distribution areas.

SHRI DIPANKAR MUKHERJEE: My question was very clear. Maharashtra is having one particular project which is felt to be too large for base-load. That means it is only going to take up peak-load shortages. Plant-load factor is going to be affected becuase of that. Today, these projects are not being identified, it is only for base-load shortages. I am afraid that for the State Electricity Boards, the plant-load factor will be affected. The peak-load will be taken by them and SEBs will have to back down. So, I would like to know whether you are going to repeat time and again the mistake which has been done by Enron.

I would like to know for Maharashtra whether it is a base-load station or a peak-load station?

DR. S. VENUGOPALACHARI: Presently, all projects are for off-load stations, hydel projects are for peak load stations.

SHRI DIPANKAR MUKHERJEE: Now, it is not hydel, it must be thermal. Sir, you are not getting any hydel station in Maharashtra. You must be getting a thermal plant. Then it is only for base-

load. If that is base-load, then Maharashtra State electricity plan-load is getting affected. Would you kindly ensure that this is examined? And I would like to get a feedback on this issue.

DR. S. VENUGOPALACHARI: As the Member rightly said, thermal station is only for base load projects and Maharashtra contains no hydel project. But as for our angle, Central Electricity Authority only cleared the project and we will examine the PPA which pertains to the Maharashtra Government.

DR. MANMOHAN SINGH: Sir, I would like to ask the hon. Minister whether the Government are satisfied with the capabilities of the Central Electicity Authority for techno-economic appaisal. If not, will the Government review the present capabilities of the Central Electicity Authority? Secondly, will the Government consider that these techno-economic appraisals are to be published so as to inspire public confidence and also assure the country that no political influence is being brought on this techno-economic area?

DR. S. VENUGOPALACHARI: Definitely, Sir, from time to time we are monitoring. As I answered earlier, we have prepared guidelines to streamline the CEA and also from 400 crores we have come up to 1,000 crores. The CEA's functioning is being reviewed by AICCA, Hyderabad to ensure that its capability is improved. (*Interruptions*) Under the CEA, there is a provision which the State Government has published. After that only they approached the CEA. It is the responsibility of the State Government.

PROF. NAUNIHAL SINGH: Mr. Chairman, Sir, I would like to ask the hon. Minister whether it is a fact that the 20 per cent import duty imposed on imported parts of power plant adds indirectly to power cost? If so, is the Government considering a proposal to abolish or reduce its duty? Please clarify.

DR. S. VENUGOPALACHARI: Sir, I will give a written answer later. I will give a separate answer on that.

SHRI AJIT P.K. JOGI: But the House also wants to know, not only the Member.

MR. CHAIRMAN: He will give it to the House. Shrimati Kamla Sinha.

SHRIMATI KAMLA SINHA: Sir, I do not want to ask any questions becuase my question has already been answered.

SHRI S.B. CHAVAN: Mr. Chairman, Sir, I would like to understand which are the projects where counter-guarantee by the Government of India was given or proposed to be given and which are the projects where counter-guarantee was not proposed to be given. This is my first question. Even last time when I put a supplementary in the context of Gujarat, somehow a very evasive reply was given. I would like to understand the role of the CEA. When you get the information to examine the techno-economic survey, techno-economic evaluation has to be done not only by the State Government but also by the CEA. Only on that basis, the question of tariff becomes very relevant. If the tariffs which are agreed to by the State Governments and by the CEA are changed or if you do not disclose the tariff figure which is proposed to be levied in order to make a project viable, why is it that you are shying away from giving the figures in respect of tariffs which have been agreed to? Because ultimately the amount has to be recovered. As things stand today, all the Electricity Boards are in the red. When you give a counter-guarantee, it presupposes that if the State Governments or the State Electricity Boards are not able to pay the money, it will become the responsibility of the Government of India to pay the money. That is why before giving any counter-guarantee, wherever a counter-guarantee has been given or is proposed to be given the Government of India or not? If that be so, I would certainly like to know the

basis on which counter-guarantees were given.

DR. S. VENUGOPALACHARI: Sir, as far as counter-guarantees are concerned, there are a total of eight projects where the Government of India has agreed to give counter-guarantees. In respect of Dabhol TPS and AES Transpower, the Government has given the counter-guarantee. The Government has proposed to give counter-guarantees in respect of GVK Industries, Andhra Pradesh; SPG, Kakinada, Andhra Pradesh; Visakhapatnam TPs, Vizag; ST-CMS Electic Co, Tamil Nadu; Mangalore TPS, Mangalore and Bhadravati TPS, Maharashtra. The request for counter-guarantee by SPG, Kakinada was withdrawn by its promoter.

Regarding fixation of tariff, as the hon. former Home Minister knows, the CEA is a statutory authority. It gives techno-economic clearances to various projects. It approves the capital cost in that capacity. Tariff is decided from the capital cost only. This aspect is also examined by the Government before giving a counter-guarantee.

श्री महेश्वर सिंह: सभापति महोदय, मंत्री महोदय ने कहा कि हिमाचल प्रदेश में भी एक परियोजना है जो सी०ई०ए० के पास कलीयरेंस हेतु लम्बित पड़ी है। मैं यह जानना चाहूंगा कि यह कौन सी परियोजना है और कब से लम्बित पड़ी है? क्या यह सत्य है कि जल विद्युत परियोजनाओं से पैदा होने वाली बिजली थर्मल और अन्य परियोजनाओं से पैदा होने वाली बिजली की तुलना में सस्ती पड़ती है? पहाड़ों में विशेषकर हिमाचल प्रदेश राज्य की अपनी अकेले की इतनी क्षमता है कि वह 20 हजार मैगावाट बिजली का उत्पादन कर सकता है लेकिन आय के सीमित साधन होने के फलस्वरूप पूरी क्षमता का दोहन नहीं हो पा रहा है। मैं यह जानना चाहता हूं कि क्या सरकार ऐसे प्रान्तों को विद्युत परियोजनाओं के लिए अधिक धन देने पर विचार करेगी? क्या यह भी सत्य है कि जल विद्युत परियोजनाओं में जहां डैम बना कर बिजली पैदा करने में लाखों एकड़ उपजाऊ भूमि जलमग्न होती है, लोगों के अधिकार समाप्त होते हैं, पर्यावरण को भी धक्का लगता है, विवाद खड़े होते हैं जैसे अलमत्ती डैम का केस है, क्या ऐसी जगहों पर जो रीवर्स फ्लोइंग वाटर है उन परियोजनाओं को आप प्राथमिकता देंगे?

DR. S. VENUGOPALACHARI: The Malana Project in Himachal Pradesh which has a capacity of 86 MW is pending since October, 1994. In Himachal Pradesh, there are two other projects. One is the Karcham-Wangtu which is also pending. I have written to the CEA. For this project, since the TEC has not been given, we do not have the tariff statement. The Government is giving preference to the hydel sector.

श्री महेश्वर सिंह: वट एबाउट द सैकंड पार्ट सर? माननीय, मैंने यह जानना चाहा है क्या यह सत्य है कि जहां हाइडल प्रोजैक्ट्स में डैम बनाकर बिजली पैदा करने का संबंध है वहां पर कई जगह पर लाखों बीघे भूमि जल-मग्न होती है। लोगों के अधिकारों को धक्का लगता है। तो क्या जो रिवर फ्लोइंग वाटर प्रोजैक्ट्स है उनको सरकार ज्यादा प्राथमिकता देगी?

DR. S. VENUGOPALACHARI: Out of the seven TEAs that are pending, only four pertain to the hydel sector. Because of inter-State disputes, hydel projects are not given clearance.

श्री महेश्वर सिंह: मेरे प्रश्न का उत्तर नहीं आया, सर, मैं यह कह रहा हूं कि जल विद्युत परियोजना क्षेत्र में भी जो रिवर फ्लोइंग वाटर परियोजनाएं हैं, जहां डैम बनाने की आवश्यकता नहीं है, क्या उनको आप प्राथमिकता देंगे? बिना डैम बनाए भी फ्लोइंट वाटर से, उसके करंट से ही बिजली पैदा की जा सकती है। उसमें कहीं भूमि भी जल-मग्न करने की जरूरत नहीं होती। तो क्या ऐसी परियोजनाओं को आप प्राथमिकता देंगे?

MR. CHAIRMAN: The question is about pending projects.

DR. S. VENUGOPALACHARI: Where there are no inter-State disputes, clearance for hydel projects is also given. But hydel projects are not given a clearance due to problems of submergence of land. Then there is the storage problem. The utilisation is less. Hence, storage is also a problem in the region.